

## **Comparing Policies to Combat Emissions Leakage: Border Tax Adjustments versus Rebates**

***Carolyn Fischer, Resources for the Future and Alan K. Fox, USITC***

### **Abstract**

We explore conditions determining which anti-leakage policies might be more effective complements to domestic GHG emissions regulation. We consider four policies that could be combined with unilateral emissions pricing to counter effects on international competitiveness: a border tax on imports, a border rebate for exports, full border adjustment, and a domestic production rebate. While all have the potential to support domestic production, none is necessarily effective at mitigating emissions leakage. Nor is it possible to rank order the options. In each case, the effectiveness depends on the relative emissions rates, elasticities of substitution, and consumption volumes